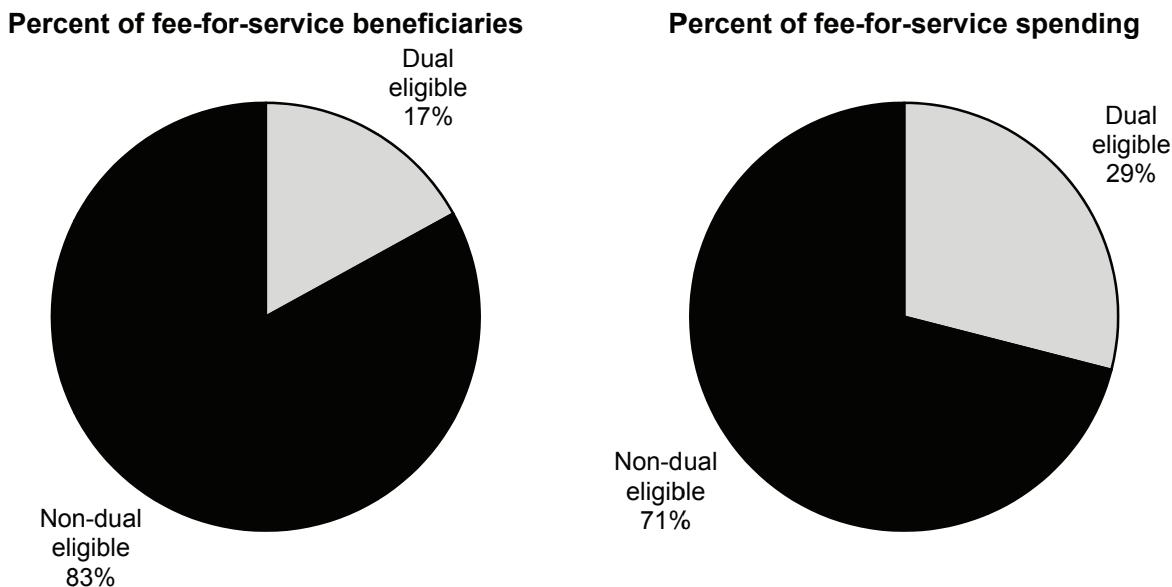


SECTION

3

Dual-eligible beneficiaries

Chart 3-1. Dual-eligible beneficiaries account for a disproportionate share of Medicare spending, 2008

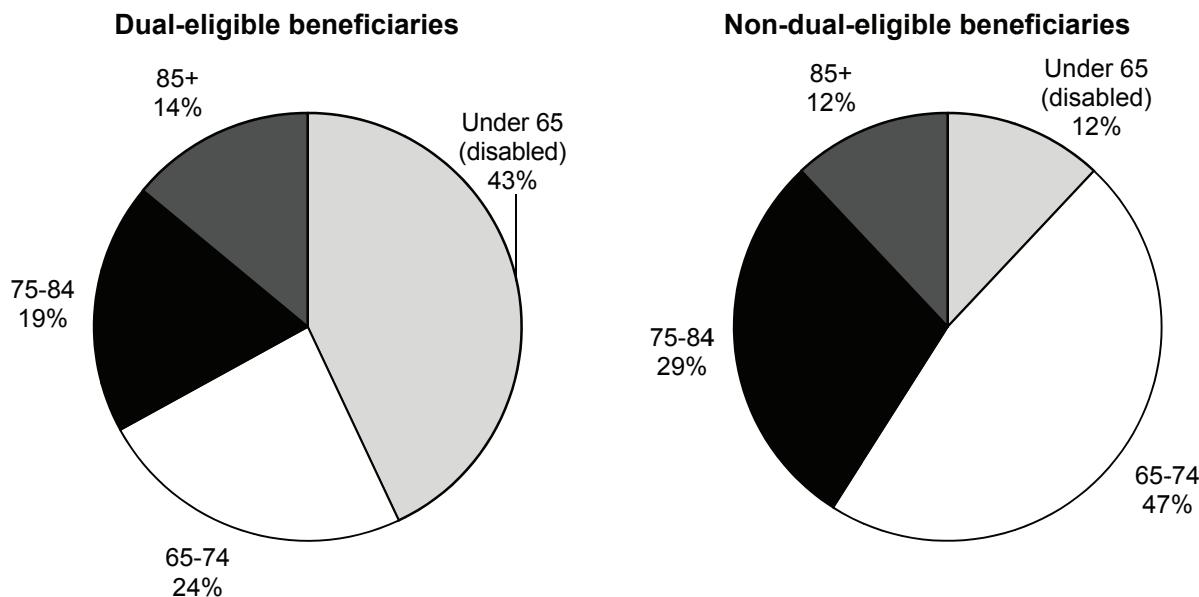


Note: Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Spending data reflect 2008 Medicare Current Beneficiary Survey Cost and Use file from CMS.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2008.

- Dual-eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help low-income persons obtain needed health care.
- Dual-eligible beneficiaries account for a disproportionate share of Medicare expenditures: As 17 percent of the Medicare fee-for-service population, they represent 29 percent of aggregate Medicare fee-for-service spending.
- On average, dual-eligible beneficiaries incur twice as much annual fee-for-service Medicare spending as non-dual-eligible beneficiaries: \$16,395 is spent per dual-eligible beneficiary, and \$8,161 is spent per non-dual-eligible beneficiary.
- In 2008, average total spending—which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending across all payers—for dual-eligible beneficiaries was about \$29,600 per beneficiary, twice the amount for other Medicare beneficiaries.

Chart 3-2. Dual-eligible beneficiaries are more likely than non-dual eligibles to be disabled, 2008

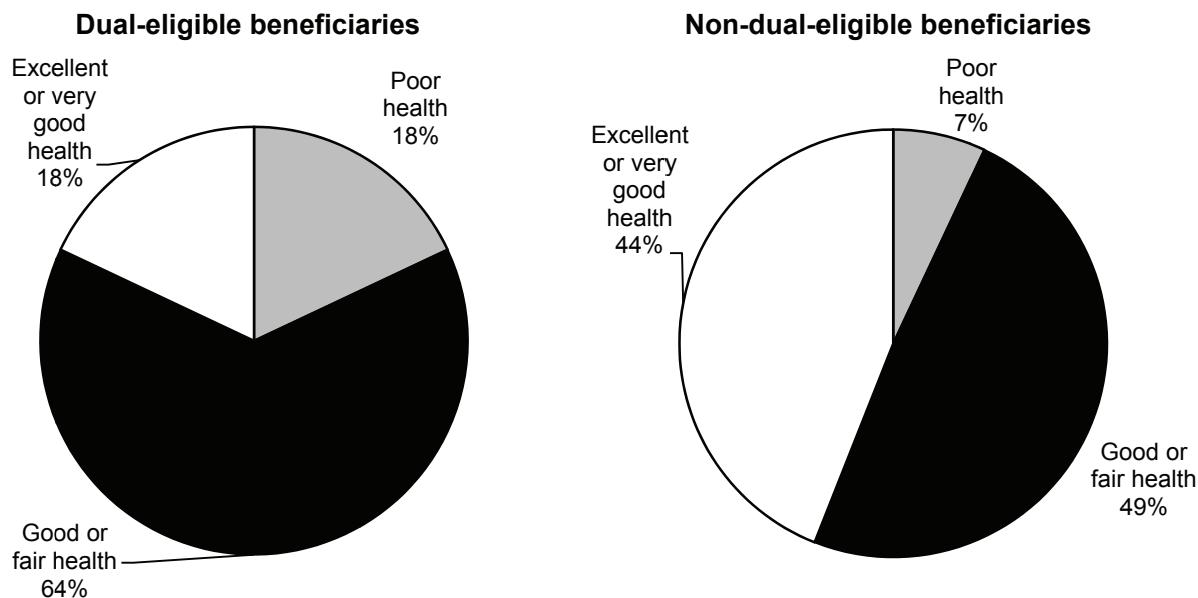


Note: Beneficiaries who are under age 65 qualify for Medicare because they are disabled. Once disabled beneficiaries reach age 65, they are counted as aged. Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, Cost and Use file, 2008.

- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to be under age 65 and disabled. Forty-three percent of dual-eligible beneficiaries are under age 65 and disabled, compared with 12 percent of the non-dual-eligible population.

Chart 3-3. Dual-eligible beneficiaries are more likely than non-dual eligibles to report poorer health status, 2008



Note: Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2008.

- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to report poorer health status. Most report good or fair status, but 18 percent of the dual-eligible population reports being in poor health (compared with 7 percent of the non-dual-eligible population).
- Dual-eligible beneficiaries are more likely to have cognitive impairment and mental disorders. They also have higher rates of diabetes, pulmonary disease, stroke, and Alzheimer's disease than do non-dual-eligible beneficiaries.

Chart 3-4. Demographic differences between dual-eligible beneficiaries and non-dual eligibles, 2008

Characteristic	Percent of dual-eligible beneficiaries	Percent of non-dual-eligible beneficiaries
Sex		
Male	39%	46%
Female	61	54
Race/ethnicity		
White, non-Hispanic	57	81
African American, non-Hispanic	20	8
Hispanic	13	7
Other	10	4
Limitations in ADLs		
No ADLs	45	71
1–2 ADLs	23	20
3–6 ADLs	32	9
Residence		
Urban	69	77
Rural	31	22
Living arrangement		
Institution	20	2
Alone	29	28
Spouse	16	54
Children, nonrelatives, others	34	15
Education		
No high school diploma	50	20
High school diploma only	25	31
Some college or more	22	48
Income status		
Below poverty	58	10
100–125% of poverty	20	7
125–200% of poverty	16	19
200–400% of poverty	5	35
Over 400% of poverty	1	27
Supplemental insurance status		
Medicare or Medicare/Medicaid only	90	11
Medicare managed care	3	26
Employer	2	39
Medigap	1	19
Medigap/employer	0	5
Other*	3	1

Note: ADL (activity of daily living). Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for other supplemental insurance. Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2008, poverty was defined as income of \$10,326 for people living alone and \$13,030 for married couples. Totals may not sum to 100 percent due to rounding and exclusion of an "other" category.

*Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, Cost and Use file, 2008.

- Dual-eligible beneficiaries qualify for Medicaid due to low incomes: Fifty-eight percent live below the poverty level, and 94 percent live below 200 percent of poverty. Compared with non-dual-eligible beneficiaries, dual-eligible beneficiaries are more likely to be female; to be African American or Hispanic; to lack a high school diploma; to have greater limitations in activities of daily living; to reside in a rural area; and to live in an institution. They are less likely to have sources of supplemental coverage other than Medicaid.

Chart 3-5. Differences in spending and service use rate between dual-eligible beneficiaries and non-dual eligibles, 2008

Service	Dual-eligible beneficiaries	Non-dual-eligible beneficiaries
Average Medicare payment for all beneficiaries		
Total Medicare payments	\$16,699	\$9,140
Inpatient hospital	4,971	2,869
Physician ^a	2,873	2,339
Outpatient hospital	1,833	927
Home health	641	406
Skilled nursing facility ^b	1,120	424
Hospice	509	175
Prescribed medication ^c	4,424	995
Percent of beneficiaries using service		
Percent using any type of service	95.9%	87.1%
Inpatient hospital	25.8	17.5
Physician ^a	91.1	83.6
Outpatient hospital	74.1	60.4
Home health	10.9	8.1
Skilled nursing facility ^b	8.6	3.7
Hospice	4.1	1.6
Prescribed medication ^c	73.8	41.2

Note: Not restricted to beneficiaries in fee-for-service. Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Spending totals derived from the Medicare Current Beneficiary Survey (MCBS) do not necessarily match official estimates from CMS, Office of the Actuary. Total payments may not equal the sum of line items as some minor items have been omitted. Spending data reflect 2008 Medicare Current Beneficiary Survey Cost and Use file from CMS.

^a Includes a variety of medical services, equipment, and supplies.

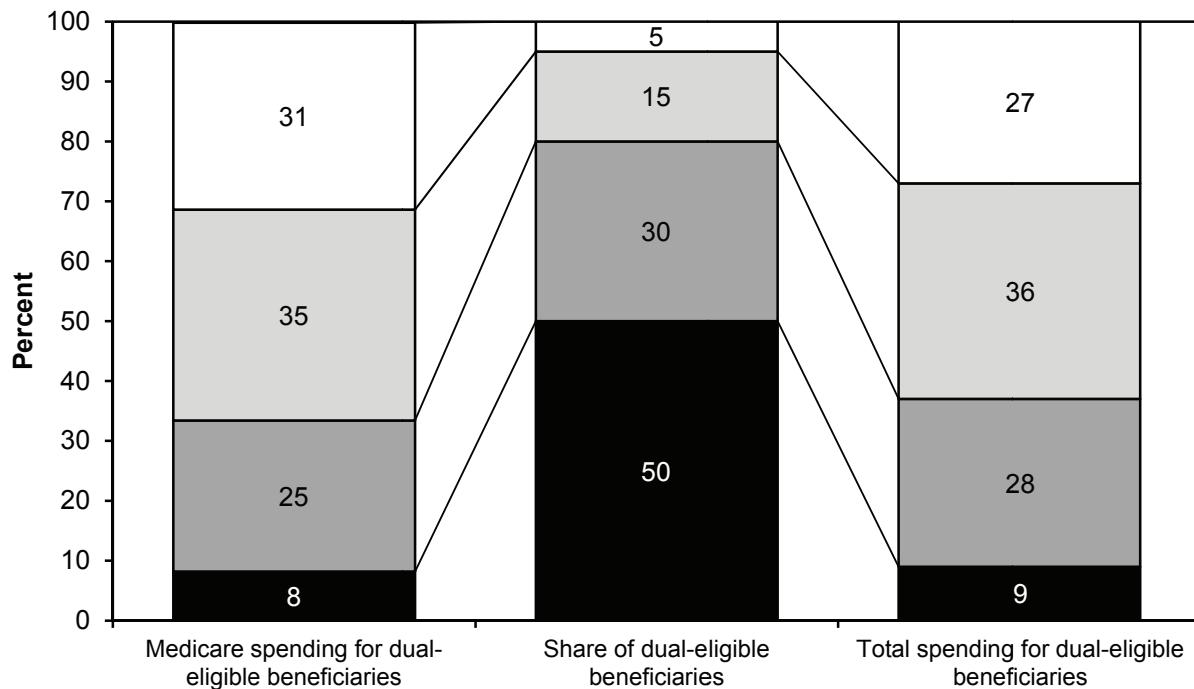
^b Individual short-term facility (usually skilled nursing facility) stays for the Medicare Current Beneficiary Survey population.

^c CMS changed the methodology for collecting prescription drug data in the MCBS in 2007. Before 2007, all prescription drug data were based on information collected in the survey; however, starting in 2007, CMS began collecting prescription drug data for the MCBS from Medicare Advantage—Prescription Drug plans and prescription drug plans.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2008.

- Average per capita Medicare spending for dual-eligible beneficiaries is more than 1.8 times that for non-dual-eligible beneficiaries—\$16,699 compared with \$9,140.
- For each type of service, average Medicare per capita spending is higher for dual-eligible beneficiaries than for non-dual-eligible beneficiaries.
- Higher average per capita spending for dual-eligible beneficiaries is a function of a higher service use rate than their non-dual-eligible counterparts.
- Dual-eligible beneficiaries are more likely to use each type of Medicare-covered service than non-dual-eligible beneficiaries.

Chart 3-6. Both Medicare and total spending are concentrated among dual-eligible beneficiaries, 2008



Note: Total spending includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending. Dual-eligible beneficiaries are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Totals may not sum to 100 percent due to rounding. Spending data reflect 2008 Medicare Current Beneficiary Survey Cost and Use file from CMS.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use files, 2008.

- Annual Medicare spending is concentrated among a small number of dual-eligible beneficiaries. The costliest 20 percent of dual eligibles account for 66 percent of Medicare spending and 63 percent of total spending on dual-eligible beneficiaries. In contrast, the least costly 50 percent of dual-eligible beneficiaries account for only 8 percent of Medicare spending and 9 percent of total spending on dual-eligible beneficiaries.
- On average, total spending for dual-eligible beneficiaries is twice that for non-dual-eligible beneficiaries—\$29,600 compared with \$14,700.

Web links. Dual-eligible beneficiaries

- Chapter 3 of the MedPAC June 2012 Report to the Congress provides information on dual-eligible beneficiaries.
http://www.medpac.gov/chapters/Jun12_Ch03.pdf
- Chapter 5 of the MedPAC June 2011 Report to the Congress provides information on dual-eligible beneficiaries.
http://www.medpac.gov/chapters/Jun11_Ch05.pdf
- Chapter 5 of the MedPAC June 2010 Report to the Congress provides further information on dual-eligible beneficiaries.
http://www.medpac.gov/chapters/Jun10_Ch05.pdf
- The Kaiser Family Foundation provides information on dual-eligible beneficiaries.
<http://www.kff.org/medicare/resources-dual-eligibles.cfm>
- Further information on dual eligibles is available from the CMS Medicare–Medicaid Coordination Office.
<http://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/index.html>

